



March 22, 2001

ENGROSSED SENATE BILL No. 389

DIGEST OF SB 389 (Updated March 20, 2001 11:11 AM - DI 73)

Citations Affected: IC 36-7; noncode.

Synopsis: Taxation. Allows South Bend to establish an economic development project district. Provides that the district must contain a commercial retail facility with at least 500,000 square feet. Allows sales tax increment financing to be used in the district for road, interchange, and right of way improvements and for real property acquisitions to further these purposes. Provides that not more than 50% of the net increment each year may be used for these purposes. Provides that not more than a total of \$1,000,000 of sales tax revenue increment may be captured during the existence of the district. Provides that the city of South Bend may grant a property tax abatement deduction to a taxpayer that has fulfilled all expectations of the city concerning job creation or retention, capital investment, and other requirements imposed by the city, but is not eligible for the deduction because of a failure to comply with a requirement of the abatement statutes.

Effective: January 1, 2001 (retroactive); July 1, 2001.

Zakas, Broden

(HOUSE SPONSOR — KROMKOWSKI)

January 18, 2001, read first time and referred to Committee on Finance.

February 5, 2001, reported favorably — Do Pass.

February 8, 2001, read second time, ordered engrossed.

February 9, 2001, engrossed.

February 12, 2001, read third time, passed. Yeas 47, nays 3.

HOUSE ACTION

February 26, 2001, read first time and referred to Committee on Ways and Means.

March 21, 2001, amended, reported — Do Pass.

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ES 389—LS 7123/DI 73+



March 22, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

ENGROSSED SENATE BILL No. 389

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-26-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. This chapter applies
3 to **the following**:

4 (1) A city having a population of more than seventy-five thousand
5 (75,000) but less than ninety thousand (90,000).

6 (2) **A city having a population of more than ninety thousand**
7 **(90,000) but less than one hundred ten thousand (110,000).**

8 SECTION 2. IC 36-7-26-14 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) Whenever a
10 commission determines that the redevelopment and economic
11 development of an area situated within the commission's jurisdiction
12 may require the establishment of a district, the commission shall cause
13 to be assembled data sufficient to make the determinations required
14 under section 15 of this chapter, including the following:

15 (1) Maps and plats showing the boundaries of the proposed
16 district.

17 (2) A complete list of street names and the range of street

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1 numbers of each street situated in the proposed district.

2 (3) A plan for the redevelopment and economic development of
3 the proposed district. The plan must describe the local public
4 improvements necessary or appropriate for the redevelopment or
5 economic development.

6 **(b) For a city described in section 1(2) of this chapter, the**
7 **proposed district must contain a commercial retail facility with at**
8 **least five hundred thousand (500,000) square feet, and any**
9 **distributions from the fund must be used in the area described in**
10 **subsection (a) or in areas that directly benefit the area described**
11 **in subsection (a).**

12 SECTION 3. IC 36-7-26-23 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. (a) Before the first
14 business day in October of each year, the board shall require the
15 department to calculate the net increment for the preceding state fiscal
16 year. The department shall transmit to the board a statement as to the
17 net increment in sufficient time to permit the board to review the
18 calculation and permit the transfers required by this section to be made
19 on a timely basis.

20 (b) There is established a sales tax increment financing fund to be
21 administered by the treasurer of state. The fund is comprised of two (2)
22 accounts called the net increment account and the credit account.

23 (c) On the first business day in October of each year, that portion of
24 the net increment calculated under subsection (a) that is needed:

25 (1) to pay debt service on the bonds issued under section 24 of
26 this chapter or to pay lease rentals under section 24 of this
27 chapter; and

28 (2) to establish and maintain a debt service reserve established by
29 the commission or by a lessor that provides local public
30 improvements to the commission;

31 shall be transferred to and deposited in the fund and credited to the net
32 increment account. Money credited to the net increment account is
33 pledged to the purposes described in subdivisions (1) and (2), subject
34 to the other provisions of this chapter.

35 (d) On the first business day of October in each year, the remainder
36 of:

37 (1) eighty percent (80%) of the gross increment; minus

38 (2) the amount credited to the net increment account on the same
39 date;

40 shall be transferred and credited to the credit account.

41 (e) The remainder of:

42 (1) the gross increment; minus

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(2) the amounts credited to the net increment account and the credit account; shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section 1(2) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(2) of this chapter, not more than a total of one million dollars (\$1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 4. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may distribute money from the fund only for road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

SECTION 5. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]

(a) As used in this SECTION, "city" means a city having a population of more than ninety thousand (90,000) but less than one

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1 hundred ten thousand (110,000).

2 (b) This SECTION applies to a property owner that:

3 (1) before January 1, 2001, received a notice from the city that
4 offered to provide assessed value deductions to the property
5 owner under IC 6-1.1-12.1;

6 (2) has fulfilled all expectations of the city concerning job
7 creation or retention, capital investment, and other
8 requirements imposed by the city; and

9 (3) is not eligible for the assessed value deductions described
10 in the agreement because of the failure of the property owner
11 or the city, or both, to comply with one (1) or more
12 requirements of IC 6-1.1-12.1.

13 (c) Notwithstanding IC 6-1.1-12.1, the city may grant the
14 assessed value deductions described in subsection (b) if, before July
15 1, 2001, both the property owner and the city complete all the
16 procedures required by IC 6-1.1-12.1 that would have been
17 necessary to comply with IC 6-1.1-12.1 and for the city to grant the
18 deductions described in subsection (b).

19 (d) Assessed value deductions granted under this SECTION
20 apply to property taxes first due and payable after December 31,
21 2001.

22 (e) This SECTION expires January 1, 2002.

23 SECTION 6. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senator Broden be added as second author of Senate Bill 389.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 389, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 389 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 10, Nays 1.

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ES 389—LS 7123/DI 73+



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 389, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 36-7-26-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. This chapter applies to **the following:**

(1) A city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(2) **A city having a population of more than ninety thousand (90,000) but less than one hundred ten thousand (110,000).**

SECTION 2. IC 36-7-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) Whenever a commission determines that the redevelopment and economic development of an area situated within the commission's jurisdiction may require the establishment of a district, the commission shall cause to be assembled data sufficient to make the determinations required under section 15 of this chapter, including the following:

(1) Maps and plats showing the boundaries of the proposed district.

(2) A complete list of street names and the range of street numbers of each street situated in the proposed district.

(3) A plan for the redevelopment and economic development of the proposed district. The plan must describe the local public improvements necessary or appropriate for the redevelopment or economic development.

(b) For a city described in section 1(2) of this chapter, the proposed district must contain a commercial retail facility with at least five hundred thousand (500,000) square feet, and any distributions from the fund must be used in the area described in subsection (a) or in areas that directly benefit the area described in subsection (a).

SECTION 3. IC 36-7-26-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. (a) Before the first business day in October of each year, the board shall require the department to calculate the net increment for the preceding state fiscal

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year. The department shall transmit to the board a statement as to the net increment in sufficient time to permit the board to review the calculation and permit the transfers required by this section to be made on a timely basis.

(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section 1(2) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(2) of this chapter, not more than a total of one million dollars (\$1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

⌘ (g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 4. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. (a) The commission

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may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may distribute money from the fund only for road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 389 as printed February 6, 2001.)

BAUER, Chair

Committee Vote: yeas 25, nays 0.

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